

# NIH Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds

## THE FINE PRINT

Before you apply for an NIH Undergraduate Scholarship, you and your parents or guardians should read the enclosed contract and be aware of all the conditions and obligations that apply to the award. This page summarizes the most important issues.

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### Discrimination prohibited

Title VI of the Civil Rights Act of 1964 (42 U.S.C.A. 2000d) states:

No person in the United States shall, on the basis of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, under any program or activity receiving Federal financial assistance.

Title IX of the Education Amendments of 1972 and its implementing regulations (45 Code of Federal Regulations Part 86) provide that no person in the United States shall, based on his/her sex, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance.

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C.A. 794), as amended, provides that no otherwise qualified handicapped individual in the United States shall, solely by reason of his/her handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance.

On December 6, 1993, the Secretary of the Department of Health and Human Services (DHHS) stated:

To foster an atmosphere of continuous improvement in our products and services, we must create an environment that fully utilizes the talents and capabilities of each and every one of us, from all backgrounds.... And to do this, we must strengthen our commitment to a workplace that is free of discrimination... a workplace where no one is denied the opportunity to contribute fully because of race, color, religion, gender, national origin, age, disability, or sexual orientation.

On January 26, 2005, the NIH Director wrote:

Equal employment opportunity means decisions are made on the basis of merit, without regard to race, color, religion, national origin, sex, age, sexual orientation, disability, or reprisal for engaging in a prior protected activity.

### Other requirements

In addition to the application requirements, there are several other requirements that you should consider before making an application.

#### **You must be eligible for Federal employment.**

As a scholarship recipient, you will fulfill your service obligation as a salaried employee of the Federal Government at the NIH. Therefore, you must be eligible to hold an appointment for Federal civil service with the NIH. (Prior to

fulfilling your service requirements, you will receive current information about Federal civil service appointment mechanisms and benefits.)

To fulfill the service obligation after graduation, you must have obtained the skills, education, experience, certificates, and licenses necessary to satisfy requirements of the specific NIH position of interest.

**You must have no conflicting service obligations.** Applicants who are already obligated to a Federal, State, or other entity for professional practice, or for an extended period of service after academic training, are not eligible for UGSP awards. An exception may be made if the obligating entity provides documentation that there is no conflict in fulfilling the service obligation and that the NIH UGSP service obligation will be served first.

Scholarship recipients who subsequently enter into other service obligations, or who otherwise are not immediately available after authorized training deferments to fulfill their scholarship service obligations, or who interrupt NIH UGSP service to satisfy other service, will be subject to the breach-of-contract provisions described below.

Scholarship recipients should not expect to be assigned for service in a State, community, NIH grantee institution, or other entity to which they may already owe an obligation for service. All service obligations will be fulfilled at the NIH.

**You must be free of Federal judgment liens.** Applicants who have a lien against their property arising from a court judgment entered against them for a debt owed to the United States or arising from a civil or criminal proceeding regarding a debt are not eligible for a scholarship until the judgment lien has been paid in full or otherwise satisfied. A State court judgment relating to a Federal debt will also disqualify an applicant. The *Applicant Information* form includes a statement of certification that the applicant is free of such a judgment lien against his or her property.

### **You must be free of delinquent Federal loans.**

The application also includes a certification that the applicant is not delinquent on repayment of any Federal debt. Delinquent borrowers are not eligible to apply. Delinquency in repaying Federal debts includes, but is not limited to, federally guaranteed or federally sponsored student loans that are more than 31 days past due on a scheduled payment.

### **Breach of contract: Defaulting on the scholarship obligation**

*What circumstances can lead to default?*

#### **Failure to complete academic training.**

Scholarship recipients who are dismissed from school for academic or disciplinary reasons, or who voluntarily terminate academic training before graduation from the educational program for which the scholarship was awarded, will be declared in breach of contract and held liable to the United States for repayment of all scholarship funds paid to them and to the school on their behalf. The amount owed must be paid in full within 3 years from the date of default. No interest will be charged on any part of this debt to the United States within the 3-year period. If payment in full is not made within the 3-year period, interest at the prime rate level on the date of execution of the contract will be assessed thereafter.

**Failure to begin or complete the service obligation or meet the terms and conditions of deferment.** Scholarship recipients who, for any reason, fail to comply with the terms and conditions of deferment described earlier or fail to begin or complete their service obligations after completion of academic training will be in breach of their contracts. When recipients breach their contracts for these reasons, the United States shall be entitled to recover damages equal to three times the scholarship award plus interest, in accordance with the formula:

$$A = 3\Phi \frac{(t-s)}{t}$$

In which:

- A* is the amount the United States is entitled to recover;
- $\Phi$  is the sum of the amounts paid to or on behalf of the participant and the interest on such amounts that would be payable if, at the time the amounts were paid, they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States;
- t* is the total number of months in the participant's period of obligated service; and
- s* is the number of months of the period of obligated service served by the participant.

The damages that the United States is entitled to recover shall be paid within 1 year of the date of default.

*How will delinquent debts be collected?*

**Litigation.** If the debt is not repaid in 1 year or 3 years (as applicable) and subsequent collection efforts are unsuccessful, the case will be referred to the U.S. Department of Justice. All delinquent debts will be reported to commercial credit bureaus and are subject to collection costs.

**IRS tax refund offsets and Medicare offset agreements and exclusions.** The Public Health Service is authorized by Section 2653 of the Deficit Reduction Act to request the Internal Revenue Service to offset income tax refunds due to delinquent defaulters, crediting the refunds to their UGSP financial debts.

*Under what circumstances can there be a waiver or suspension of the service or payment obligation?*

Scholarship recipients seeking a waiver or suspension of the service or payment obligation must submit a written request to the UGSP Director. The request must state the underlying circumstances and be supported by documentation.

Suspensions or waivers of the service or payment obligation will be considered and may be granted by the UGSP Director whenever compliance by the individual would be impossible or would involve extreme hardship to the individual, and if enforcement of the service or payment obligation would be against equity and good conscience.

Compliance would be considered *impossible* if the UGSP Director determined that the participant suffered from a physical or mental disability resulting in the total and permanent inability of the recipient to perform the service or other activities that would be necessary to comply with the obligation. To determine whether the performance of the obligation would impose an undue hardship and be against equity and good conscience, the UGSP Director will consider:

1. The recipient's present financial resources and obligations.
2. The recipient's estimated future financial resources and obligations.
3. The extent to which the recipient has problems of a personal nature, such as physical or mental disability, or terminal illness in the immediate family, which so intrude on the recipient's present and future ability to perform as to raise a presumption that the individual will be unable to perform the obligation incurred.

All obligations are canceled in the event of a scholarship recipient's death.

# NATIONAL INSTITUTES OF HEALTH (NIH) LOAN REPAYMENT AND SCHOLARSHIP PROGRAMS

## PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 USC 552a) requires that a Federal agency provide the following notification to each individual whom it asks to supply information. This information is contained in the System of Records of the Department of Health and Human Services (DHHS) numbered 09-25-0165, entitled National Institutes of Health Office of Loan Repayment and Scholarship (OLRS) Records System, HHS/NIH/OD. An update of this system of records was published in the Federal Register on February 8, 2002 (67 Fed. Reg. 6043).

- The authority for collection of the requested information is contained in Sections 487A-F and Section 485G of the PHS Act (42USC288-1,2,3,4,5,5a,6; and 42USC287c-33), and Public Laws 100-607, 101-597, 103-43, 106-310, 106-505, 106-525, and 106-554. The Internal Revenue Code at 26 USC 6109 requires the provision of the Social Security number (SSN) for the receipt of funds.
- The principal purposes of information that you, the applicant or participant, furnish are (1) to determine your eligibility for loan repayment or scholarship under Sections 487A-F and Section 485G of the PHS Act, including verification of the existence and purpose of your educational loan(s), and determination of the amount(s) that are eligible for repayment under the NIH Loan Repayment and Scholarship Programs (LRSPs); and (2) to negotiate and verify the transfer of loan repayments, scholarship awards, and tax reimbursements to participants and to the Department of the Treasury (Treasury), Internal Revenue Service (IRS).
- The principal purposes of information that you, the lender, furnish are (1) to determine an individual applicant or participant's eligibility for loan repayment under Sections 487A-C, E and F, and Section 485G, of the PHS Act, including verification of the existence and purpose of an individual's educational loan(s), determination of the amount(s) that are eligible for payment under the NIH LRSPs; and (2) to negotiate and verify the transfer of a loan repayment to a participant's loan account.
- The principal purposes of the information that you, the undergraduate institution, furnish are (1) to determine an individual applicant or participant's eligibility for scholarship award under Section 487D of the PHS Act, including verification of the amounts of tuition and qualifying educational expenses, including room and board; and (2) to determine an applicant's disadvantaged background status.
- While disclosure of the information is not mandatory, you must provide the information requested to obtain loan repayment and scholarship benefits authorized by Sections 487A-F and Section 485G of the PHS Act.
- The information you provide will be made available to Federal employees responsible for administering the NIH LRSPs to determine your eligibility for loan repayment and scholarship awards, as described above.
- The information you provide will not be disclosed without your consent to anyone outside of DHHS in a manner that identifies you, except as permitted by the Privacy Act.

**(See Routine Uses 1-17 for Additional Disclosures.)**

- Certifying on NIH 2674-1, “Applicant Information,” authorizes the disclosure of information that confirms you are not under a service obligation, certifying on NIH 2674-4, “Loan Information,” authorizes the disclosure of information to the lenders and their authorized collection agents to confirm that your loans are current in their repayment status, and certifying on NIH 2674-10, “Institutional Information,” authorizes the disclosure of information to the extramural research institutions and their authorized officials to confirm that you are eligible for the loan repayment program and able to fulfill the two-year service obligation.
- Certifying on NIH 2762-1, “Undergraduate Scholarship Applicant Information,” NIH 2762-2, “Applicant Information: Recommendation,” and NIH 2762-3, “Undergraduate Institution Certification,” authorizes the disclosure of information to the undergraduate institution to determine your eligibility for participation in the Undergraduate Scholarship Program, to confirm your eligibility for disadvantaged background status and non-delinquent loan status, and to disclose your educational expenses.

**Provision of Your Social Security Number Under Public Law 93-579, Section 7(b), Privacy Act of 1974**

- Provision of your SSN is required for participation of the LRSPs. This provision is required, as provided in the Internal Revenue Code 26 USC 6109.
- Provision of your SSN is needed to verify the financial information provided in your application. Your SSN will be given to the Treasury to disburse Federal funds in connection with the program benefit. Your SSN will be used for identification with the records of the Treasury and DHHS in the event of the loss or theft of repayment checks or scholarship awards or other difficulties arising from this transaction. Your SSN will be given to consumer

reporting agencies to obtain a commercial credit report that verifies your ability to repay debts owed to the Federal Government.

- Your SSN will be disclosed to the IRS when making loan repayments or scholarship awards and tax reimbursement payments to the IRS for the benefits you receive under the LRSPs. Your SSN will be disclosed to the IRS to obtain a current mailing address if you default on your service obligation, and to other Federal agencies, commercial credit bureaus, or collection agencies to offset or collect delinquent debts.

**Routine Uses as Permitted by the Privacy Act**

Disclosure of information may be made to:

1. A Congressional office in response to a written request by the applicant or participant concerning his or her record;
2. The Department of Justice or to a court in the event of litigation;
3. The appropriate agency, whether Federal, foreign, State, local, or tribal, in the event that a system of records indicates a violation or potential violation of law;
4. DHHS contractors for the purpose of processing or refining records, and/or for the purpose of evaluating the programs covered by the system;
5. Private parties such as present and former employers, references listed on application and associated forms, other references, and educational institutions to determine if an applicant is suitable for participation in the NIH LRSPs;
6. A consumer reporting agency (credit bureau) to obtain a commercial credit report to establish an individual’s creditworthiness; to assess and verify his or her ability to repay debts owed to the Federal Government; and to determine and verify the eligibility of loans submitted for repayment;



7. Another Federal agency so that the agency can effect a salary offset for debts owed by Federal employees, or so that the agency can effect an authorized administrative offset; or to the IRS to request an individual's current mailing address to locate him or her to collect or compromise debt, or to have a commercial credit report prepared;
8. Another agency that has asked DHHS to effect a salary or administrative offset to help collect a debt owed to the United States;
9. The IRS to find out whether the applicant has a delinquent tax account;
10. The IRS to report as taxable income the written-off portion of a debt owed by an individual to the Federal Government when a debt becomes partly or wholly uncollectible;
11. Debt collection agents, other Federal agencies, and other third parties who are authorized to collect Federal debts and information necessary to identify a delinquent debtor or defaulting participant;
12. Any third party that may have information about a delinquent debtor's or defaulting participant's current address;
13. Other Federal agencies that also provide loan repayment or scholarship at the request of these Federal agencies in conjunction with a matching program conducted by these agencies to detect or curtail fraud and abuse in Federal loan repayment and scholarship programs, and to collect delinquent loans or benefit payments owed to the Federal Government;
14. The IRS to offset any income tax refunds that may be due to the individual against the debt;
15. Other Federal agencies, debt collection agents, and other third parties who are authorized to collect a Federal debt to identify an individual who is delinquent in loan benefit payments owed to the Federal Government and the nature of the debt;
16. Officials or representatives of grantee institutions in connection with the review of a Loan Repayment Program (LRP) application or performance or administration under the terms and conditions of the LRP award; or in connection with problems that might arise in performance or administration of the LRP contract.
17. Designated school coordinators to determine scholarship support, to inform recipients about their service obligations to NIH, and to verify service deferments for certain Undergraduate Scholarship Program participants; and
18. DHHS contractors to recruit, screen, and match health professionals for NIH employment in qualified research positions; and to references, medical licensing boards, and NIH officials to evaluate the applicant's professional qualifications, experience, and suitability.